# Home Equity Reverse Mortgage Information Technology (HERMIT)

## HERMIT System Changes – Release 3.8 Part 1

Release Date: 08/02/2014

#### 1. INTRODUCTION

The HECM SP has released version 3.8 of the HERMIT software which consists of Non-Borrowing Spouse (NBS) system changes per ML 2014-07. If you have any questions regarding the functionality of the software release, please contact the HERMIT Help Desk at 561-899-2610 or at <a href="mailto:support@hecmsp.com">support@hecmsp.com</a>. If you have any policy related questions, please send an email to HUD at <a href="mailto:answers@hud.gov">answers@hud.gov</a>.

#### 1.1 HERMIT SYSTEM CHANGES – Non Borrowing Spouse (ML 2014-07)

#### 1.1.1 Display of Non-Borrowing Spouse Indicator

The HERMIT system will display Non-Borrowing Spouse indicator in the Loan Search screen. Upon selecting the indicator and clicking the search button, loans with Non-Borrowing spouses are displayed in the search results.



Figure 1: Loan Search Results displaying Non-Borr. Spouse indicator

#### 1.1.2 Calculation of Principal Limit Factor for Non-Borrowing Spouse

The HERMIT system will use the new PLF table to determine the OPL on the loan for cases with a case assignment date  $\geq$  8/4/2014. The new PLF table can be found at the location below:

http://portal.hud.gov/hudportal/HUD?src=/program offices/housing/sfh/hecm/hecmhomelenders

#### 1.1.3 Loans in Deferred Status

If the last surviving borrower on the loan is deceased and the NBS is active, the HERMIT system will display the case as Deferred status with a Yes. If the Deferred status is "Yes", the sub status of the loan is Payment Suspended.

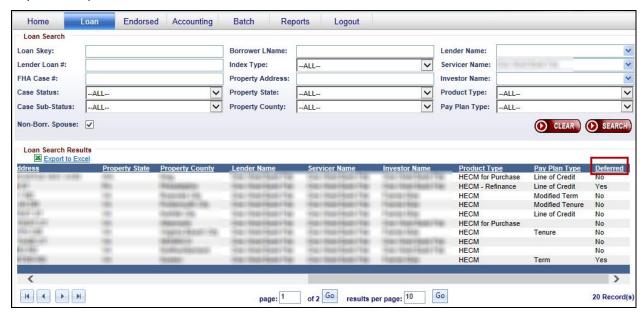


Figure 2: Deferred Status displayed in Loan Search Results

#### 1.1.4 Display of NBS indicator in the Loan Header Information

The HERMIT system now displays the Non-Borrowing Spouse indicator in the Loan Header Information. The values populated for the NBS may be "Yes" or "No".

- If the Non-Borrowing Spouse is not available on the loan, NBS = No
- If the Non-Borrowing Spouse are deceased or deactivated, NBS = No
- If the Non-Borrowing Spouse are active on the loan, NBS = Yes



Figure 3: Non-Borrowing Spouse Indicator Displayed in Loan Header Information

#### 1.1.5 Display of Non-Borrowing Spouse in Contacts Screen

The HERMIT system will display the NBS data in the Loan->Contacts screen similar to the Borrower/Co-Borrower contact types.

### HERMIT SYSTEM CHANGES - RELEASE 3.8 - Part 1

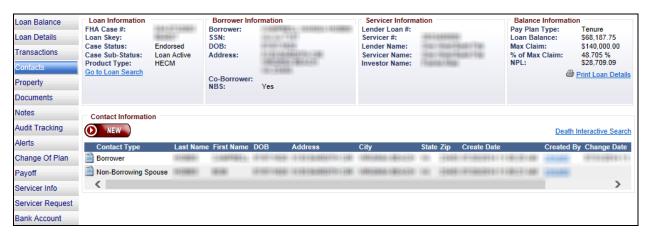


Figure 4: Non-Borrowing Spouse Information in Contacts Screen

#### 1.1.6 Disable/Deactivate Non-Borrowing Spouse

The HERMIT system will allow for user to deactivate the NBS on the loan. To deactivate the NBS, see the steps below:-

- Select the icon beside the Non-Borrowing Spouse contact type in the Contacts screen
- Select the Deactive box in the Contact Info screen. Click Submit.

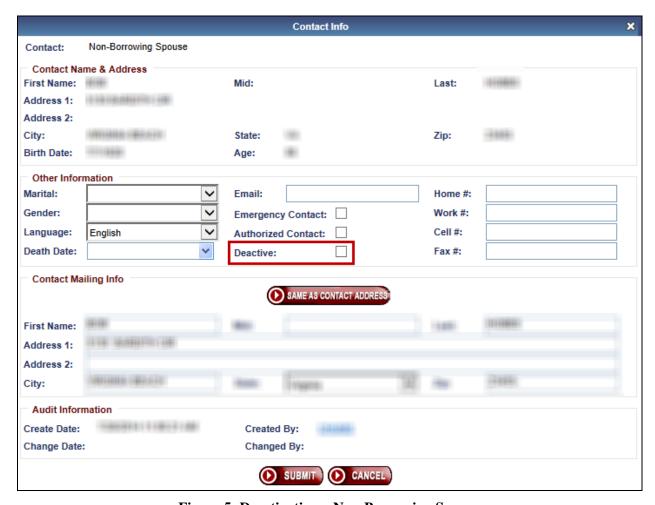


Figure 5: Deactivating a Non-Borrowing Spouse

#### 1.1.7 Due & Payable Rules with Active Non-Borrowing Spouse on the loan

- The HERMIT system will NOT allow Mortgagee to initiate Due & Payable with HUD Approval or Due & Payable w/o HUD Approval timelines manually, if the NBS is available and active on the loan, even though the last surviving borrower is deceased.
- The HERMIT system will not automatically update the loan sub status to Due & Payable, if the NBS is active on the loan and the last surviving borrower is deceased.
- The HERMIT system will automatically update the loan sub status to Due & Payable, if all the NBS are deactivated and the last surviving borrower is deceased.
- The HERMIT system will populate the Due & Payable date on Block 29 of the HUD Form 27011 with the date the deferral period ends on the loan.